

# **WHAT IT MEANS**

**A brief and clear analysis showing  
how it affects various sections,  
what changes it proposes,  
its financial basis,  
etc. etc.**

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No. 1045

# **LRD**



**MAIN**

**THREEPENCE**

## THE BEVERIDGE REPORT

The Beveridge Report on Social Insurance and Allied Services was issued on December 1st, 1942. The plan states that "freedom from want" is its goal, and suggests far-reaching changes in the present schemes for social insurance. These will involve (a) the unification of all social insurance under one authority; (b) a flat rate of benefit "intended in itself to be sufficient without further resources to provide the minimum needed for subsistence"; (c) the bringing into the schemes of certain classes hitherto left out or only inadequately covered (such as housewives, traders and independent workers, etc.); (d) the extension of the scheme to cover certain important services which have hitherto been paid for by voluntary insurance—*e.g.*, funeral grants.

In addition, the plan makes three "assumptions," without which the scheme cannot be satisfactorily operated. These are:—

- (a) "Children's allowances for children up to the age of 15 or if in full-time education up to the age of 16."
- (b) "Comprehensive health and rehabilitation services for prevention and cure of disease and restoration of capacity for work, available to all members of the community."
- (c) "Maintenance of employment, that is to say, avoidance of mass unemployment."

**Whom does the Plan Cover ?**—"The Plan covers all citizens without upper income limit but has regard to their different ways of life."

For this purpose the population is divided up into six different classes, all of which are entitled to slightly differing security provisions, and some of which pay weekly contributions. They are as follows:—

- i. Employees (estimated to number 18.4 million in 1939) who will be insured by weekly contributions on Employment Book.
- ii. Others gainfully occupied, *i.e.*, employers, traders, independent workers, etc. (2.5 million), to be insured by contributions on Occupation Card.
- iii. Housewives (9.3 million) insured on marriage through housewife's policy.
- iv. Others of working age not gainfully occupied, *i.e.*, students and persons of private means (2.4 million) insured by contributions on Security Card.
- v. Children below working age (9.6 million).
- vi. Retired above working age, *i.e.*, old age pensioners (4.3 million).

**Contributions.**—The scheme will be financed by a three-fold contribution from workers, employers and State. Each insured person will be able to obtain all his benefits by a single weekly

contribution on a single card. The people who will pay contributions will be those in Classes I, II and IV, as follows:—

				MALE		FEMALE	
				Insured Person	Employer	Insured Person	Employer
<b>Class I (employees):—</b>							
Age 21 and over	...	...	...	4/3	3/3	3/6	2/6
18-20	...	...	...	3/6	2/9	3/-	2/-
16-17	...	...	...	2/6	2/6	2/-	2/-
<b>Class II (employers, traders, independent workers):—</b>							
Age 21 and over	...	...	...	4/3	—	3/9	—
18-20	...	...	...	3/6	—	3/-	—
16-17	...	...	...	2/-	—	2/-	—
<b>Class IV (students, persons of private means):—</b>							
Age 21 and over	...	...	...	3/9	—	3/-	—
18-20	...	...	...	3/-	—	2/6	—
16-17	...	...	...	1/6	—	1/6	—

Contributions from Class I employees would include those from occupations not at present covered by compulsory insurance such as the civil service, nursing, railways, etc. The rate of contributions from employees compares with 1/10d. for an adult man at the present time and 1/7d. for a woman. On the other hand, the contributions would cover insurance for a number of things not now included, such as funeral grants, etc., for which many working-class people now insure voluntarily.

It will be noted that employers insure in two ways—in Class I on behalf of their employees, and in Class II as individuals entitled to certain of the benefits under the scheme.

**Benefits.**—The benefits are designed in the main to cover what are considered to be the eight primary causes of need—unemployment, illness or accident, loss of livelihood, old age, marriage needs of a woman (e.g., maternity, widowhood, etc.), childhood, physical disease or incapacity, and other needs.

Below is a list of the benefits to which the different categories are entitled. The standard of benefits is provisional insofar as it is assumed that the cost of living after the war will be 25 per cent. above that of 1938 ; the present cost of living is estimated to be about 30 per cent. above 1938. The benefits are therefore fixed for a period in which prices would be slightly lower than they are now. It is stated that as the price-level after the war cannot be foretold the rates of benefit have been fixed simply in order to provide a basis of discussion. 10/- is assumed to be the average pre-war rent and the benefits are supposed to allow for a possible 25 per cent. increase. It is admitted that London rents are much higher, but the hope is expressed that the launching of the Plan will coincide

with measures designed to solve this problem. The Report suggests that contributions could begin on July 1st, 1944, and benefits on January 1st, 1945. For unemployment, disability, training, widow's or guardian's benefit, or any of the grants or allowances other than industrial or funeral grants, 48 contributions must have been paid or excused in the preceding contribution year. For retirement pensions, see special section.

								<i>Per Week.</i>		
								£	s.	d.
<b>Unemployment, Sickness, Disability and Training Benefit:—</b>										
Man with wife not working	...	...	...	...	...	...	...	2	0	0
Man with wife working	...	...	...	...	...	...	...	1	4	0
Single man or woman, 21 and more	...	...	...	...	...	...	...	1	4	0
Single man or woman, 18–20	...	...	...	...	...	...	...	1	0	0
Boys or girls, 16–17	...	...	...	...	...	...	...	15	0	
Married woman gainfully employed when herself on benefit	...	...	...	...	...	...	...	16	0	
<b>Retirement Pensions (after transition period):—</b>										
Man and wife not working (basic)	...	...	...	...	...	...	...	2	0	0
Single man or woman	...	...	...	...	...	...	...	1	4	0
Man with wife working	...	...	...	...	...	...	...	1	4	0
Woman with husband below pensionable age (basic)	...	...	...	...	...	...	...	1	4	0
Addition for every year of postponement to basic pension if one postpones retirement of:—										
On joint pension	...	...	...	...	...	...	...	2	0	
On single pension	...	...	...	...	...	...	...	1	0	
<b>Marriage Grant:—</b>										
Up to £10 according to number of contributions										
<b>Maternity Benefit:—</b>										
For married woman employed for gain (for 13 weeks)	...	...	...	...	...	...	...	1	16	0
Maternity Grant (one payment)	...	...	...	...	...	...	...	4	0	0
Widow's Benefit (for 13 weeks)	...	...	...	...	...	...	...	1	16	0
Guardians' Benefit (basic)	...	...	...	...	...	...	...	1	4	0
<b>Dependant Allowance:—</b>										
Dependant above age for children's allowance of person receiving unemployment, disability or training benefit	...	...	...	...	...	...	...	16	0	
<b>Children's Allowance:—</b>										
For each child when the responsible parent is on pension or benefit and for each child after the first in cases not on benefit, allowances graded by age but averaging for all children	...	...	...	...	...	...	...	8	0	
<b>Funeral Grant:—</b>										
Adults	...	...	...	...	...	...	...	20	0	0
Age 10–20 years	...	...	...	...	...	...	...	15	0	0
Age 3–9 years	...	...	...	...	...	...	...	10	0	0
Under 3 years	...	...	...	...	...	...	...	6	0	0

**Workmen's Compensation:—**For total disablement paid after first 13 weeks, two-thirds of assessed weekly earnings but not more than £3 per week plus children's allowance, if any, and not less than would have been paid as disability benefit.

Not all persons are entitled to all benefits, and the following table shows which classes are entitled to which provisions:—

DIFFERENT CLASSES' RELATION TO SECURITY SCHEME.  
 \* Entitled to the benefit.      - Not receiving benefit.

# SECURITY PROVISIONS

CLASS	Medical Treatment	Funeral Grant	Retirement Pension	Disability Benefit	Unemployment Benefit	Training Benefit (f)	Industrial Pension	Other Provisions
i. Employees ... ..	*	*	*	*	*	-	*	†
ii. Others gainfully occupied ... ..	*	*	*	*(b)	-	*	-	
iii. Housewives ... ..	*	*	*	-(c)	-(c)	*	-(c)	‡
iv. Others of working age ... ..	*	*	*	-	-	*	-	
v. Below working age	*	*	-	-	-	-	-	
vi. Retired above working age ... ..	*	*	*	-	-	-	*(e)	

(b) After 13 weeks of sickness.

(c) If gainfully occupied and not exempt.

(d) If gainfully occupied even though exempt.

(e) If granted before reaching the age of retirement and if higher than the retirement pension.

(f) Includes removal and lodging grant where needed.

† Removal and lodging grant: industrial grant.

‡ Marriage grant, maternity benefit (d) and grant, widows' benefit, guardians' benefit, separation benefit.

## THE VARIOUS SECTIONS—HOW IT WILL AFFECT THEM

**Old Age Pensioners.**—Of all the provisions under the scheme, the one which is likely to be found least satisfactory by the working-class movement is that for old age pensioners.

The ultimate rate for old age pensioners will be the same as for the unemployed—24/- for a single man, 40/- for a married couple (assuming prices to be on the level as laid down above). As at present, men aged 65 and women aged 60 will be eligible for these pensions, but they will be given only on retirement from work and not before. For each year that a man or woman continues working after these ages and postpones drawing his pension, an additional sum will be added to the pension when it is eventually claimed.

The above arrangements will, however, only come into force in 1965 after a 20 years' transition period. Until that time the following arrangements are envisaged:—

(1) Persons now in receipt of Contributory Pensions under the old scheme and those who by July 1st, 1944, will have had at least five years continuous insurance for pensions will receive from 1945 onwards 25/- basic pension for man and wife and 14/- for a single person, rising every two years by increments of 1/6d. joint, or 1/- single up to the full basic rate of 40/- joint, or 24/- single, in 1965. Thus those who claim in 1945 will get 25/- joint, rising to 26/6d. in 1947, to



28/- in 1949, and so on. Those who claim for the first time in 1949 will come in at 28/- joint. These rates are subject to the postponement arrangements mentioned above ; and it is provisionally suggested that for the time being 1/- single and 2/- joint should be added to the basic pension for every extra year worked.

*It is proposed that the above sums should continue to be supplemented by " National Assistance " under a Means Test until the full scheme comes into operation in 1965.*

(2) Persons with no qualifications under the present contributory scheme (in the main, the new classes of workers brought into Class I, and persons in Class II and IV) will be required to contribute for 10 years before being entitled to a pension. They will in 1955 be entitled to 25/- joint and 14/- single, rising yearly by 1/6d. for a man and wife and 1/- for a single person until the full rate is reached in 1965.

Persons in this class who will reach pensionable age before 1955 and who will therefore not have fulfilled their 10 years' contributions will not be eligible for any pension at all, and it is suggested that they might therefore claim exemption from paying contributions, though some will be able to qualify by continuing work after pensionable age. Old people of 70 and over who are at present in receipt of non-contributory pensions, are not provided for under the scheme at all. It is presumed that these people will continue to live on " National Assistance " under a Means Test until they die.

(3) Persons who have made some contributions for pensions before July, 1944, but have not the full qualifications of five years' continuous insurance will be covered by special regulation.

Thus the new arrangements do not become comprehensive until 1965 and supplementation will continue to be given under a Means Test to a considerable though continually lessening degree.

*How do these arrangements compare with the present ones ?—*The overwhelming majority of the old age pensioners at present come under the Contributory Scheme of 10/- a week basic pension—this is supplemented by the Assistance Board after a Means Test under the Supplementary Pensions Scheme. A pensioner living alone without other resources will get 22/- at present plus 2/6d. fuel allowance during the winter months—a married couple, where both are pensioners, get 37/-, the fuel allowance bringing this sum to 39/6d. during the winter months. In the case of a high rent the Assistance Board may give a little more than this.

It is clear that the pensions proposed under the Beveridge Plan are not much advance on the old scheme so far as actual

cash to be received is concerned. However, the worst side of the present scheme has always been the fact that it is administered under a Means Test and that many old folk who have small resources or live with relatives get very much less than the above amount. If the scheme as envisaged for 1965 could be brought in immediately, it would, for this reason, be overwhelmingly popular. But the fact that the Means Test is to continue in some form for the next 20 years means that the old age pensioners at present receiving the highest amount of supplementation allowed will still undergo a Means Test—probably to the end of their days—with no guarantee of receiving a penny more than they would if the present scheme continued.

It is argued in the Report that, in view of the rising age level of the population, and the fact that in 1961 there should be over 8 million persons of pensionable age as compared with  $5\frac{1}{2}$  million in 1941 (and correspondingly fewer children), anything provided for the old people will cost far more than that provided for the young, and this is presumably the main ground for the 20 years' transition period. This question is, of course, bound up with that of the cost of the schemes.

**Widows.**—For widows of working age, no permanent pension will be provided. Every widow will receive 36/- benefit for the first 13 weeks after her husband's death. At the end of that time, if she has the care of dependent children, she will receive guardian's benefit, *i.e.*, 24/- a week, plus children's allowances of 8/- a week each. This is an enormous improvement on the present rates of 10/- a week under the contributory scheme and 5/- for the eldest child and 3/- for all other children. A widow with two children will be automatically entitled to 40/- a week as compared with 18/- at the present moment supplemented by application to the Public Assistance Committee.

If the widow goes to work, a reduction in her guardian's benefit will be made, though she is still entitled to 8/- a week for each child other than the eldest.

If the widow is childless, she will receive no more benefit after the first 13 weeks, but will be expected to go to work, or alternatively will be eligible to go to a training centre for a period during which she can obtain training benefit of 24/- a week.

If a widow has any children, the moment her youngest is of working age, all guardian's benefit, children's allowances, etc., cease, and she will be expected to find work. This may react hardly on some elderly women who may find themselves cut off at the age of 50 with no prospects of an old age pension for another 10 years. They may find it extremely difficult to

get work at that age and even after a period of training may find themselves out of a job. In this case, there appears to be no arrangement under the scheme for them to receive unemployment pay and they will presumably have recourse to "National Assistance." This appears to be the only anomaly in a scheme which is otherwise much in advance of anything at present in operation.

A further point—if the death of the husband has taken place through industrial accident or disease, an industrial grant or "compensation in the form of a lump sum related to the husband's earnings will be paid in addition to any of the other benefits, but taking account of them, and subject to the power of the Ministry of Social Security to control the disposition of grant."

**Housewives.**—These will be recognised as a distinct insurance class with benefits adjusted to their special needs. The Report states that at present "the unemployment insurance scheme recognises such women as adult dependants on their husbands, in respect of whom the benefit of the husband is increased if he is unemployed. The health insurance scheme does not recognise such women at all, except at the moment of maternity. None of these attitudes is defensible. In any measure of social policy in which regard is had to facts, the great majority of married women must be regarded as occupied on work which is vital though unpaid, without which their husbands could not do their paid work and without which the nation could not continue. In accord with the facts, the Plan for Social Security treats married women as a special insurance class of occupied persons and treats man and wife as a team. . . . It treats a man's contributions as made on behalf of himself and his wife as for a team, each of whose partners is equally essential, and it gives benefit as for a team."

According to the Plan, every woman on marriage acquires a Housewife's Policy endorsed on or attached to her previous insurance document, which will entitle her to the following benefits :—

(a) *Marriage Grant* will be available to every woman on her marriage at the rate of £1 for every 40 actual contributions prior to marriage in Classes I or II up to a maximum of £10.

(b) *Maternity Grant* of £4 (as compared with £2 at present under National Health Insurance).

(c) *Maternity Benefit* will also be given to married women for a period of 13 weeks including the date of childbirth at 36/- a week, if the woman was working and gave up work for the birth of her child.

(d) The other provisions for housewives include benefit if not working during husband's unemployment or sickness ;



widowhood and separation provisions and retirement pensions; and, if working, unemployment benefit on a lower rate than that for single women or men.

**Unemployment Benefit.**—This will be a basic weekly payment without means or needs test throughout working age so long as the insured person remains unemployed and available for work. The amounts compare extremely favourably with present rates as follows :—

	Unemployment Insurance*	Unemployment Assistance (after 26 weeks, normal rates)	Beveridge Plan
Husband... ..	20/-		
Wife ... ..	10/-	35/-	40/-
First child ... ..	4/-	6/3†	8/-
Second child ... ..	4/-	5/9†	8/-
Third child ... ..	3/-	5/3†	8/-
	<hr/> 41/-	<hr/> 52/3†	<hr/> 64/-

\* The scheme provides for the amalgamation of the special schemes for insurance of the agricultural worker with the new scheme with the raising of the present agricultural scales to the new level.

† These children's rates vary from 4/9 to 6/3 according to age.

The above rates assume that the three children are respectively 13, 10 and 7.

These benefits will continue to be paid to the unemployed person "subject to the proviso that after he has drawn unconditional benefit for a limited period, the insured person, as a condition of remaining on benefit, will be required to attend a work or training centre." The normal period of unconditional unemployment will be six months subject to adjustment by regulation. Men may be disqualified for unconditional benefit if they refuse to take suitable employment, if they leave work without just cause, if they are dismissed for misconduct or if they fail to attend a training centre when told to do so.

For unemployment and disability of all kinds there will be a provisional *waiting time* of three days, during which benefit will not be paid unless the period of unemployment or disability lasts in all for four weeks.

**Training Benefit.**—This will be given to persons who are capable of and available for work who are not entitled to unemployment benefit and need to find a new means of livelihood. The benefit will be at the same rate as unemployment benefit and will be granted up to 26 weeks subject to satisfactory attendance at a training centre. This provision will apply mainly for persons in Class II and widows.

**Children.**—The arrangements for children's allowance averaging 8/- a week will apply to all children of persons in receipt of benefit or pension, and for all but the first child

of persons earning. They are provided on the premise that, after unemployment, the most prevalent cause of "want" has been large families. The desirability of reversing the present downward trend of the birth rate and the contribution that children's allowances would make to this object is also stressed.

The allowances are not reckoned as part of the Social Insurance Scheme to be paid for out of contribution—it is "assumed" that the Government will make arrangements for these allowances out of taxation.

**Sickness Benefit or Disability Benefit.**—This will be a weekly payment for wage earners so long as they are physically incapacitated for work from any cause. The benefit will be similar to that paid to unemployed persons. This will abolish the present fantastic arrangements whereby a man who is ill gets less in sickness benefit under the National Health Insurance Scheme than a man who is unemployed but fit. (For *Waiting Time* see above.)

For persons in Class II it will be paid only for prolonged disability, that is to say only after the recipient has been ill for 13 weeks. During this period the recipient will not be excused from contributions though he will be entitled to medical treatment.

**Industrial Disability and Workmen's Compensation.**—The existing rates for total disablement under the Workmen's Compensation Scheme are one-half of existing earnings up to a maximum of 35/- (plus children's allowances of 4/- for the first two children and 3/- for all subsequent children).

Alternatively, workers are often persuaded to settle for a lump sum instead.

Under the Beveridge Plan, the whole position will be altered. For the first 13 weeks of industrial disablement, the employee will be entitled to ordinary sickness benefit only, *i.e.*, 24/- for a single man, 40/- for a man and wife, plus children's allowances of 8/- each. It will be noted that if he is single he obtains 11/- less than he might do under the present scheme, if married without children, 5/- more, if married with one child, 9/- more, and so on. After 13 weeks, however, disability benefit at a flat rate will be replaced by an *industrial pension* related to average earnings so long as disability continues. The pension will be at the rate of two-thirds of the earnings of the worker when fully employed up to a maximum of £3, plus 8/- for each child, but must not in any case fall below ordinary disability rates of 24/- single, 40/- joint, etc. A proportion of the industrial pension will be granted for partial disablement in accord with loss of earning capacity.

Settling for a lump sum will be exceptional and whatever may be said against many lump sum settlements, any decision to cut them out entirely will lead to serious anomalies in some cases. Thus a man who loses, say, one finger, but is not incapacitated for the particular work he is doing, may get no compensation—he will merely get his subsistence allowance for the weeks that he is away from work. On the other hand, if death results from an industrial accident, a grant will be paid in respect of the widow or dependants. The amount, form and allocation of grant will be subject to regulation to be decided on later, but the Government Actuary estimates that an average lump sum may be £300 for a total dependant.

It is proposed that the new rates of industrial pension should be applied to workers already in receipt of weekly payments, but that there should be no reopening of lump sum settlements.

**Funeral Grants.**—Funeral benefits, as is shown above, are to be £20 flat rate for adults and less for children, and the business of industrial assurance will be converted into a public service.

This proposal is supported by figures which in the words of the *Observer's* Financial Editor “surely are quite unanswerable.”

The present cost of industrial assurance is excessive— $4\frac{1}{2}$ d. out of every 1/- paid in premiums goes to administration costs and profits ( $37\frac{1}{2}$  per cent. cost ratio) whereas the costs of a State scheme would be 2-3 per cent. In 1939 shareholders got over £1,750,000, and £1,600,000 went in income tax. The business is highly concentrated (e.g., one-third of the premiums go to one company, the Prudential). Moreover there is over-selling with consequent heavy lapses—two-thirds of the policies in each of three years before the war were lapsed and half of this two-thirds were forfeited completely.

#### HEALTH AND REHABILITATION SERVICE.

The Report makes it clear that the provision of a comprehensive health and re-habilitation service is an essential part of the plan for social security and assumes that such a service will be provided.

“A comprehensive national health service will ensure that, for every citizen, there is available whatever medical treatment he requires, in whatever form he requires it, domiciliary or institutional, general, specialist or consultant, and will ensure also the provision of dental, ophthalmic and surgical appliances, nursing and midwifery and re-habilitation after accidents.”

At present, a man's National Health Insurance payments only entitle him to domiciliary treatment and do not cover his wife or dependants.

It is proposed, provisionally, that the weekly contributions made by the contributory classes should entitle both themselves and their dependants to obtain whatever treatment is required, at home or in an institution, without a treatment charge.

Discussion of the methods of organising such a service is said to fall outside the scope of the Report, as the medical services will not come within the province of the Ministry of Social Security but will be the responsibility of the Government departments concerned with health. It is stated that further investigation is needed, "in consultation with the professions concerned and with the public and voluntary organisations which have established hospitals and other institutions."

It is clear that much will depend on the kind of scheme for the medical services which is finally adopted. If proposals are adopted such as those put forward by the Socialist Medical Association\* involving unification of the hospital services and absorption of the voluntary hospitals, health centres as the pivot of the personal health services, co-operation among doctors instead of competition and centralisation of all services under democratic control, this can mean a transformation in the nation's health. On the other hand, there is clearly a danger that the work may be left in the hands of a specialist body such as the Medical Planning Commission suggested by the British Medical Association.

#### ADMINISTRATION.

All social insurance will be unified under a single Ministry of Social Security which will have, in each locality, a Security Office able to deal with claims of every kind and all sides of security. All contributions will be paid into a single Social Insurance Fund from which all benefits and other insurance payments will be paid out. This centralisation will abolish the inconvenience and distress at present caused by people being "banded about from pillar to post" under different authorities, and should result in greater economy.

The scheme involves the superseding of the present system of Approved Societies giving unequal benefits for equal compulsory contributions.

Approved Societies can at present be grouped under five main heads:—Friendly Societies, with branches; Friendly Societies, without branches; Industrial Life Offices; Trade Union and Employers' Provident Funds. It is suggested that those societies which do not work for profit, which are effectively self-governing and which are registered under the Friendly Societies Acts or the Trade Union Acts could act

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\* "The Socialist Programme for Health," price 4d.

as responsible agents for the administration of disability benefit to their members at the rates laid down by the law. Voluntary assurance providing additional sickness benefits, etc., to those given under the Compulsory Scheme could be provided for through these Societies and even encouraged. It is also thought that, by enlisting the help of Friendly Societies and Trade Unions, individual problems will be handled with local knowledge and the general welfare of sick persons receive adequate consideration. These suggestions are dependent on the agreement of such bodies to act as agents for the scheme in this way, and are not considered essential to the scheme which could be administered nationally if thought more desirable leaving the Trade Unions and Friendly Societies free to continue voluntary assurance against sickness if they wished.

The above does not apply to the Industrial Life Offices which, it is suggested, should not be given any part in the administration of the scheme.

“It is impossible to contemplate an arrangement under which bodies working for private profit were allowed to act as agents of the Social Insurance Fund at the risk of the Fund, and to use this agency as a means of extending their business; on these terms the Industrial Life Offices, so far from having any motive for careful administration of disability benefit, would have a direct economic motive to be liberal with the money of the Social Insurance Fund, in order to obtain or retain customers for industrial assurance and to increase the profits of their shareholders or the pay of their staff.”

For voluntary life assurance, etc., up to £300 the creation of an Industrial Assurance Board is suggested. It would have a statutory monopoly of the use of collectors, would take over and honour existing policies, and would compensate shareholders.

Provision is to be made to prevent hardship among persons now employed in the administration of insurance schemes who are displaced as a result of these changes. It is suggested that, initially at any rate, there will not be much difference between the numbers needed to administer the new scheme and the numbers employed in the old.

“*National Assistance*,” mentioned under several sections is envisaged as a department of the Ministry of Social Security and will cover the gaps in the scheme. According to the Report “Assistance . . . will be given always subject to proof of needs and examination of means.” In other words, it will function in roughly the same way as the Assistance Board or local P.A.C.s do at present, though the scope of its work



will be less. The Ministry of Social Security will thus take over the remaining functions of the Public Assistance Committee other than treatment and services of an institutional character.

#### FINANCE.

The Social Security Budget is estimated to amount to £697,000,000 in 1945 compared with £432,000,000 which would be the cost of existing schemes in that year. The money will be contributed from three sources:—(a) the Exchequer, from taxation; (b) Employers by contributions, and a special industrial levy for industrial accidents and disease; (c) Employees through their contributions.

The estimated cost to the three participant groups compared with present schemes is as follows:—

	1945		
	Present Scheme	Proposed	Increases
National Exchequer ...	£265 m. 61%	£351 m. 50%	34%
Insured Persons' Contributions ...	£69 m. 16%	£194 m. 28%	182%
Employers' Contributions (including workmen's compensation payments in present and future schemes) ...	£83 m. 19%	£137 m. 20%	65%
Other... ..	£15 m. 4%	£15 m. 2%	—
<b>TOTAL ...</b>	<b>£432 m. 100%</b>	<b>£697, m. 100%</b>	<b>61%</b>

It would appear from the above that by far the largest proportion of the extra money needed for the scheme is to be borne by the working class through their contributions. This does not mean to say that workers will not be considerably better off under it than at present; the figure for insured persons' contributions under the present scheme takes no account of voluntary insurance and cost of medical treatment which many working class families pay for, and which would be unnecessary under the Beveridge plan. Not only this, the numbers of "insured persons" will be increased by the inclusion of new classes.

The total amounts spent are expected to increase over the 20 years following 1945 as is shown by the following table:—

EXPENDITURE.	1945	1965
	(£ millions)	
Retirement Pensions... ..	126	300
Unemployment Benefit ... ..	110	107
Disability Benefit (including Industrial) ... ..	72	86
Other Social Insurance Benefits ... ..	41	42
National Assistance ... ..	44	30
Children's Allowances ... ..	110	100
Cost of Administration of above ... ..	24	23
Health Services ... ..	170	170
<b>TOTAL ... ..</b>	<b>697</b>	<b>858</b>

If the Social Insurance items are split up separately, the rates of contribution in pence per week for an adult male employee are as follows:—

	Total Contribution	Share of Insured Person	Employer	Exchequer
Retirement Pension ...	35.1	14.7	14.6	5.8½
Widows and Guardian Benefits ... ..	4.1	1.7	1.7	.7½
Unemployment Benefit	37.2	12.4	12.4	12.4½
Disability Benefit ...	15.5	6.4	6.5	2.6½
Industrial Disability Benefit... ..	3.3	1.4	1.4	.5½
Maternity Grant and Benefit... ..	1.3	1.1	—	.2½
Marriage Grant ...	—	—	—	—
Funeral Grant ... ..	1.8	1.8	—	—
Cost of Administration	4.9	1.8	1.8	1.3
Total for Social Insurance Benefits... ..	103.2	41.3	38.4	23.5

It will be noted that employers do not contribute at all to Maternity Grant and Benefits, Marriage Grant\* and Funeral Grant. The main cost of the Health Services will be borne by the Exchequer out of taxation, save for a contribution of 10d. per adult male and 8d. per adult female from insured employees, and 1½d. only from employers per insured employee. It is thus clear why the employers' rates of contribution are so much lower than the workers'.

The Exchequer will bear the whole cost of children's allowances. For all other benefits—Retirement Pension, Widow's and Guardian's Benefits, Unemployment Benefit, Disability, etc., the employer bears equal shares with employees while the Exchequer bears one-sixth of the full contribution except in the case of Unemployment Benefit, when its share is one-third.

With regard to Workmen's Compensation, the present scheme in which the employers pay the total cost (estimated at present to be £12½ millions a year) is to be abandoned. The scheme will be financed, like the rest of the Social Insurance Scheme, by three-fold contributions of the employers, employees and the State, plus an additional industrial levy on employers in the dangerous industries. The amount of the adult male worker's general contribution (4/3d.) which is allocated for this purpose is 1.4d.

It is estimated that under the new scheme the total cost will be £15 millions instead of £12½ millions—of this, the workers, through their contributions, will pay £4.1 millions; the employers will pay £9.2 millions (including contributions

\* This is financed solely out of contributions of insured women workers not included in the above table.

and industrial levy); and the State £1.7 millions. The employers will thus pay £2½ millions less in compensation than they used to. This is a complete departure from the view hitherto held that employers should bear the whole cost of workmen's compensation on the grounds that "when a person on his own responsibility and for his own profit sets in motion agencies which create risks for others he ought to be responsible for what he does."

One aspect of the whole scheme which will have to be watched is the Exchequer's contribution. This is to be raised through taxation—it is not stated what form this taxation will take. It is clearly important that the bulk of it should fall on the rich—if, as at present, a large proportion of it should fall on the workers, much of the designed good of the Plan will be nullified as it will mean, in the main, simply a redistribution of income among the working-class.

Already there are signs that certain sections of the employing class will oppose the plan on the grounds of its increased cost. It should be remembered, however, that total central government expenditure has increased from £1,015 millions in 1938 to £4,663 millions in 1941, compared with which, the extra £260 millions a year needed for the Beveridge Plan is not very significant.

### CONCLUSION.

In drawing up the Report, it has been assumed that over the whole body of insured employees in Class I unemployment will average not more than  $8\frac{1}{2}$  per cent. or  $1\frac{1}{2}$  millions—discussion on this falls outside the scope of the Report.

The Beveridge Plan is not a plan for socialism—it is a plan directed towards achieving certain measures of social reform which are designed to be incorporated within the present capitalist framework. The Labour Movement is well aware that, if mass unemployment is to be abolished, fundamental changes in the economic system itself will be required which are not indicated in the Beveridge Plan at all. Nevertheless, the Plan if introduced would mean great improvements in the situation of many thousands of working-class people.

In leading the fight for the measures outlined in the plan against the vested interests who will no doubt oppose it, the Labour Movement will gain in strength and authority to tackle the still greater issues which lie ahead.